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10/30/03
Date

2003 HOUSE APPROPRIATIONS

HB 1007

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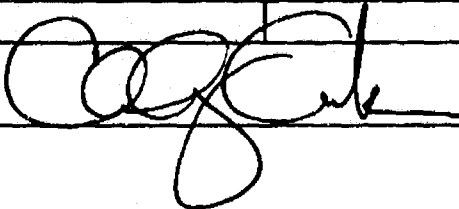
2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1007

House Appropriations Committee
Human Resources Division

Conference Committee

Hearing Date January 16, 2003

Tape Number	Side A	Side B	Meter #
One	XX	XX	
Two	XX		
Committee Clerk Signature 			

Minutes:

Chairman Delzer called the meeting to order with all members of the committee present.

Mr. Gordy Smith, Office of the State Auditor (see attached testimony)

The Office of State Auditor was asked by the Legislative Audit and Review Committee to conduct an evaluation of the Veteran's Home. Smith testified on the results of that audit and highlighted some of the major issues raised in the audit such as specific management issues, fiscal management issues, and delineated the report's recommendations.

Mr. Brad Maasjo, Chairman, Veterans Home Subcommittee (see attached testimony)

Testifying mainly from his prepared testimony, Mr. Maasjo was questioned by the committee regarding the hiring of a new chief financial officer. The committee primarily wanted to know who would hire the new officer, to whom would the new officer report, and whether or not the new financial officer would be located at the home. Maasjo said that the new employee would be

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Page 2
Human Resources Division
Bill/Resolution Number 1007
Hearing Date January 16, 2003

hired by the committee, would report directly to the Commandant, and would office out of the Veterans' Home. Mr. Maasjo reported that the spin down is currently at 30%. In addition, he explained that they went to the emergency commission to get permission to hire a consultant to assess the financial situation at the home. **Lori Laschkewitsch**, OMB, stated that \$137,000 was transferred from the home's salaries line item to operating to cover the cost of the consultant. Further, **Mr. Maasjo** said that they currently are working on a bill that will change the hiring procedure for the commandant. For example, the commission wants the language to say that the commandant will work at the "pleasure of" the commission and that veterans will be given preference over nonmilitary candidates.

Ms. Sheila Peterson, Director of Fiscal Management, OMB (see attached testimony)

Ms. Peterson explained the budget detail of the Veterans' Home. In response to questions from the committee, Ms. Peterson answered the OMB was primarily responsible for preparing the budget and that the general fund portion of the budget is decreasing slightly. Part of the decrease is because the chief financial officer position is not filled.

In addition, **Chairman Delzer** stated that he want's the HIPAA software and equipment broken out separately for analysis. Further, there was discussion regarding decreasing Medicaid reimbursements and Chairman Delzer asked for a breakdown of these funds. Ms. Peterson said that OMB had looked at increasing fees on the private pay side to offset the Medicaid decreases, but they felt the increase would be too high. Chairman Delzer asked for the analysis that was used to arrive at that conclusion.

In response to a question from Chairman Delzer, **Peterson** answered the only change to the FTE is the addition of an IT person. Chairman Delzer questioned how OMB dealt with the excess pay

Page 3
Human Resources Division
Bill/Resolution Number 1007
Hearing Date January 16, 2003

issue that was explained in the auditor's report. Ms. Peterson responded that OMB feels that the FTE count at the home is adequate and appropriate, but needs reorganization. In addition, Peterson replied that funds were taken out of the budget that covered the half FTE's. Chairman Delzer asked for a breakdown of those funds.

Mr. Ray Harkema, Commissioner of Veterans Affairs (see attached testimony)

In reply to a questions from **Rep. Kempenich**, Harkema explained that five FTE's are paid for through general funds, and one FTE is paid by Federal dollars and is considered off-budget.

Chairman Delzer confirmed that the counties pay for the Veterans Service officers. **Mr.**

Harkema stated that he wants to move to less officers, but have them work full-time, and also said that some counties are combining, such as Ramsey and Nelson, and Oliver and Morton and confirmed that the counties' pay for the service officers through mil levies.

Mr. Harkema continued his testimony and discussed the Veterans Aid Loan Fund. He stated that four percent of the loans given are uncollectible, the maximum that can be loaned is \$5,000, and that the fund is currently at 89%. In addition, Harkema stated that the administrative costs for the loan fund are paid for from the Post War trust fund.

Ms. Kathy Halgunseth, Administrative Assistant, Commission of Veterans Affairs (see attached testimony)

Ms. Halgunseth outlined the commission's budget details and request. There was general discussion regarding the line items of the budget such as telephone, Internet services, utility costs, and office equipment. In addition, the committee asked about the off-budget FTE. Ms. Halgunseth replied that the off-budget FTE is with the grant fund program.

Page 4
Human Resources Division
Bill/Resolution Number 1007
Hearing Date January 16, 2003

Chairman Delzer questioned **Halgunseth** regarding the retirement ages of the commission's employees and about the status of the employee located in Bismarck. The next retirement is in three years, with the next one at five years. In addition, the employee in Bismarck is the western field representative.

Discussion followed regarding the Post War Trust fund. Specifically, the committee was concerned about the FTE that is currently paid for by the fund in combination with general fund dollars. In addition, there were questions regarding the "Reserve Account" that the commission is building that is outside the purview of the regular trust fund. The commission has plans to build this reserve account to \$1 million. **Rep. Warnke** also wondered whether or not the interest could be invested back into the principle of the trust fund. The discussion focused on the constitutionality of doing that and it was decided that it could not be done. **Rep. Warnke** asked for a report on the balance of the trust fund and was told that the information was provided quarterly.

Halgunseth stated that the commission is on a two-year equipment replacement schedule and that the agency is desperate to obtain two computers. The committee addressed the Commission's equipment needs and said that maybe the Commission could utilize the State's surplus property program. In addition, **Chairman Delzer** asked whether or not the Commission had ever considered setting up a home office for the Bismarck field representative in order to reduce costs. **Ray Harkema** stated that they were in the process of analyzing that now.

Rep. Kempenich asked whether or not the commission utilized the state fleet for veteran specific travel and was told that the trust fund purchased vans for the commission to be used for this purpose.

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Donna G. Ball
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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1007

House Appropriations Committee
Human Resources Division

Conference Committee

Hearing Date January 20, 2003

Tape Number	Side A	Side B	Meter #
One		X	
Two	X	X	
Committee Clerk Signature 			

Minutes: Committee Work

Ms. Lori Laschkewitsch, Budget Analyst, OMB (See attached documents)

General discussion regarding the carry over of \$373,866 and whether or not there is state match other than Medicaid. In addition, Laschkewitsch said that the budget is typically constructed using what the federal appropriation is estimated to be and then state funds are estimated to fill that gap. There was also discussion regarding Senate bill 2090, its withdrawal and the effect that would have.

Discussion continued regarding the salary line item. The increase is the result of one new FTE in IT.

Chairman Delzer asked where the carry over funds are coming from.

Discussion shifted to the operating line item (page one of fourteen; OMB budget detail)

Laschkewitch next explained the spindown (see attached) after a lunch recess. Discussion

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